

WATER DISTRICT 140

Basic Financial Statements

December 31, 2013



WATER DISTRICT 140
BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2013
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Evans & Poulsen P.A.

Certified Public Accountants

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Water District 140
Burley, ID

We have reviewed the accompanying financial statements of the governmental activities and the aggregate remaining fund information of Water District 140 as of and for the year ended December 31, 2013, which collectively comprise the District's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of District's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Management has omitted management's discussion and analysis and the budgetary comparison schedules that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. The results of our review of the basic financial statements are not affected by this missing information.

Evans & Poulsen

Evans & Poulsen, CPAs

January 30, 2014

WATER DISTRICT 140

**Statement of Net Position
December 31, 2013**

	Governmental Activities
ASSETS	
Cash & Investments - Note 1	\$ 17,081
Receivables:	
Assessments	703
Other Receivables	-
Prepaid Expenses	-
Capital Assets - Note 3:	
Land	-
Water Rights, Shares & Easements	-
Other Capital Assets, Net of Depreciation	-
Total assets	<u>17,784</u>
LIABILITIES	
Accounts Payable and Accrued Expenses	4,730
Deferred Revenue	-
Interest Payable	-
Long-Term Liabilities:	
Due Within One Year	-
Due in More Than One Year	-
Total liabilities	<u>4,730</u>
NET POSITION	
Net Investment in Capital Assets	-
Restricted	-
Unrestricted	13,054
Total Net Position	<u>\$ 17,784</u>

See accompanying notes to the financial statements.

WATER DISTRICT 140

Statement of Activities For the Year Ended December 31, 2013

	Net (Expense) Revenue and Changes in Net Position
PROGRAM REVENUES	
Charges for Services	\$ -
Operating grants	-
Capital grants	-
EXPENSES	
General operations (water master, etc.)	77,423
Total Governmental Activities	(77,423)
GENERAL REVENUES	
Assessments & Penalties	79,924
Investment Earnings	-
Other income	-
Miscellaneous	-
Gain on Sale or Disposal of Capital Assets	-
Total General Revenues and Transfers	\$ 79,924
Change in Net Position	2,501
Net Position Beginning of Year	10,553
Net Position End of Year	\$ 13,054

See accompanying notes to the financial statements.

WATER DISTRICT 140

Balance Sheet
Governmental Funds
December 31, 2013

	<u>General Fund</u>
ASSETS	
Cash & investments	\$ 17,081
Assessments receivable	703
Other receivables	-
Prepaid expenses	-
	<hr/>
Total assets	<u><u>\$ 17,784</u></u>
 LIABILITIES AND FUND EQUITY	
Liabilities	
Accounts payable	\$ 4,730
Accrued liabilities	-
Deferred revenue	-
	<hr/>
Total liabilities	<u>4,730</u>
 Fund Balances	
Reserved	-
Unreserved	13,054
	<hr/>
Total fund balances	<u>13,054</u>
	<hr/>
Total liabilities and fund balances	<u><u>\$ 17,784</u></u>

See accompanying notes to the financial statements.

WATER DISTRICT 140

**Statement of Revenues, Expenditures, and
Changes in Fund Balance
Governmental Funds
Year Ended December 31, 2013**

	<u>General Fund</u>
Revenues:	
Assessments	\$ 79,924
Interest income	-
Miscellaneous income	-
	<hr/>
Total revenues	<u>79,924</u>
Expenditures:	
Accounting & Legal	1,085
Bank charges	54
Consulting expense	-
Contract labor - Watermaster	76,284
Fees - IDWR	-
Insurance expense	-
Meetings expense	-
Miscellaneous	-
Maintenance expense	-
Permits	-
Utilities	-
Capital expenditures	-
	<hr/>
Total expenditures	<u>77,423</u>
Excess (deficiency) of revenues over expenditures	2,501
Fund balance - beginning	<u>10,553</u>
Fund balance - ending	<u><u>\$ 13,054</u></u>

See accompanying notes to the financial statements.

WATER DISTRICT 140
Notes to Financial Statements
December 31, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of WATER DISTRICT 140 have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The significant accounting policies of the District are described below.

A. Reporting Entity

Water District 140 was created December 28, 2006 by order of the Director of the Idaho Department of Water Resources as provided in Idaho Code, Title 42, as a political subdivision of the State of Idaho with a governing board of directors and treasurer. Idaho law provides the method and procedure for assessing fees on all deep-water wells within the District. The board of directors has governing responsibility over all of the activities related to the District. The board is responsible for approving the budget, establishing spending limitations, funding any deficits and borrowing funds. There are no other boards, councils, or component units for which the District exercises authority.

The District was formed for the establishing of ground water measuring devices, measuring and reporting of ground water usage, adjusting controlling works to deliver the authorized flow rate/or volume to the water right holder and the administering of other water rights within the district.

B. Government-Wide Financial Statements

The government-wide financial statements, which are the statement of net assets and the statement of activities, report information on all of the nonfiduciary activities of the primary government. This District reports only governmental activities and has no business-type or fiduciary activities.

The statement of net assets presents the financial condition of the governmental activities for the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

C. Fund Financial Statements

The District maintains only one fund, the General fund, which presents all activities of the District. Accordingly, the General fund is the only major fund and there are no non-major funds.

WATER DISTRICT 140
Notes to Financial Statements
December 31, 2013

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The District reports the following major governmental funds:

The General Fund is the District's operating fund. It accounts for all financial resources of the District.

Amounts reported as program revenues include charges to customers for goods and services, operating grants and contributions, and capital grants and contributions.

E. Fund Balance Classifications

Fund Balance Reserves - The District has adopted GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This Statement establishes criteria for classifying governmental fund balances into specifically defined classifications. Classifications are hierarchical and are based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. Application of the Statement requires the District to classify and report amounts in the appropriate fund balance classifications. The District's accounting and finance policies are used to interpret the nature and/or requirements of the funds and their corresponding assignment of restricted, committed, assigned or unassigned.

The District reports the following classifications as applicable:

Non-spendable Fund Balance - Non-spendable fund balances are amounts that cannot be spent because they are either: (a) not in spendable form - such as inventory or prepaid insurance, or (b) legally or contractually required to be maintained intact - such as a trust that must be retained in perpetuity.

Restricted Fund Balance - Restricted fund balances are amounts that cannot be spent because they are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Restrictions are placed on fund balances when legally enforceable legislation establishes a specific purpose for the funds. Legal enforceability means that the District can be compelled by an external party (e.g. citizens, public interest groups, the judiciary) to use resources created by enabling legislation only for the purposes specified by the legislation.

WATER DISTRICT 140
Notes to Financial Statements
December 31, 2013

Committed Fund Balance - Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by the District Council. Amounts in the committed fund balance classification may be used for other purposes with appropriate due process by the District Council. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions,

Assigned Fund Balance - Assigned fund balances are amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by: (a) the secretary/treasurer, or (b) an appointed body (e.g. a budget or finance committee) or an official to which the Board of Directors have delegated the District to assign, modify, or rescind amounts to be used for specific purposes. Assigned fund balance includes: (a) all remaining amounts that are reported in governmental funds (other than the general fund) that are not classified as non-spendable, restricted, or committed, and (b) amounts in the general fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund, are assigned for purposes in accordance with the nature of their fund type. Assignment within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

Unassigned Fund Balance - Unassigned fund balance is the residual classification for the general fund. This classification represents general fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the general fund.

F. Deposits and Investments

Deposits: Custodial credit risk, in the case of deposits, is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District has no deposit policy for custodial credit risk. At year end, the District had \$0 in excess of insured amounts.

Credit Risk: The District's policy is to comply with Idaho State statutes which authorize the District to invest in obligations of the United States, obligations of the State or any taxing district in the State, obligations issued by the Farm Credit System, obligations of public corporations of the State of Idaho, repurchase agreements, tax anticipation notes of the State or taxing district in the State, time deposits, savings deposits, revenue bonds of institutions of higher education, and the State Treasurer's Investment Pools.

G. Inventory

The District had no inventory at year end.

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the governmental activities column in the government-wide financial statements. All material fixed assets are valued at historical cost. Donated fixed assets are valued at their estimated fair value on the date donated. When an asset is disposed of, cost and related accumulated depreciation is removed, and any gain or loss arising from its disposal is credited or charged to operations. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

WATER DISTRICT 140
Notes to Financial Statements
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Depreciation of all exhaustible fixed assets is charged as an expense against operations in the statement of activities. Capital assets are reported net of accumulated depreciation on the statement of net assets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	25-40 years
Improvements	10-45 years
Equipment	3-10 years

I. Long-Term Liabilities

The District has no long-term debt.

J. Budgets and Budgetary Accounting

Formal budgetary accounting is not employed as a management control for all funds of the District. An annual 'totals-only' operating budget is adopted each fiscal year through passage of an annual budget and amended as required for the General Fund, and the same basis of accounting is used to reflect actual revenues and expenditures recognized on a generally accepted accounting principles basis.

K. Encumbrances

Encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District because it is not considered necessary at present to assure effective budgetary control or to facilitate effective cash planning and control.

L. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

M. Application of Restricted or Unrestricted Resources

The District's policy is to first apply unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

NOTE 2: ASSESSMENTS RECEIVABLE/DEFERRED REVENUE

The 2013 assessment consisted of: 1) 17.9 cents per acre foot of water pumped with a minimum charge of \$25, plus 2) a \$75 Measurement & Reporting Charge per diversion (well).

The assessments receivable are stated at the full value, with no allowance for doubtful accounts being considered necessary as tax deeds can be taken on all assessments that are three years delinquent. The aged balances as of December 31, 2013 are as follows:

<u>Year of Assessment</u>	<u>Assessment Receivable</u>
2013	\$ 150
2012	-
2011	-
2010	553
Totals	<u>\$ 703</u>

WATER DISTRICT 140
Notes to Financial Statements
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NOTE 3: CAPITAL ASSETS

The District has no capital assets.

NOTE 4: LONG-TERM LIABILITIES

The District had no long-term liabilities at the balance sheet date.

NOTE 5: LITIGATION, CONTINGENT LIABILITIES AND COMMITMENTS

Water District 140 is not aware of any pending litigation.

NOTE 6: RISK MANAGEMENT/INSURANCE COVERAGE

The District has no insurance coverage at this time.

NOTE 7: SUBSEQUENT EVENTS:

Subsequent events have been evaluated through January 30, 2014. There were no subsequent events to disclose.